

~~CONFIDENTIAL~~
TOP SECRET

1494

GENERAL

25X1

1. Possible Soviet concessions on Germany discounted--The US High Commission in Berlin regards "with suspicion" the view that the USSR, in order to prevent the rearmament of Western Germany, is seriously considering substantial concessions at a Conference of Foreign Ministers meeting. The Commission points out that truly representative elections in East Germany and the disbanding of East German para-military forces would destroy the Soviet zone Communist regime and undermine Soviet prestige in the Satellites. The Commission does not believe the USSR considers its position so weak as to justify such a retreat. The Commission also expresses the view that the recently intensified communization and militarization of East Germany is "out of harmony" with rumors that the USSR intends to allow Germany to be unified and neutralized.
2. Nehru's views on Asian security--According to US Embassy London, the question of South and Southeast Asian security arrangements was not discussed at the recent conference of Commonwealth Prime Ministers except in connection with the Japanese peace treaty. Indian Prime Minister Nehru expressed the view that rearmament of Japan would be "useless" because such a step would focus Soviet suspicion on Japan and military bases in Japan would be primary targets for Soviet air attacks. Nehru pointed out, by way of example, that Burma was much better off in its present relatively disarmed status than it would be if any group of neighboring powers attempted to guarantee Burmese security. The Embassy comments that Nehru's remarks have strengthened the view of the British Foreign Office that there would be little point in encouraging an Asian regional defense arrangement without the sympathetic participation of India.

25X1

State Dept. review completed

- 1 -

Document No. 012
NO CHANGE in Class. ☐
☐ DECLASSIFIED
Class. CHANGED TO: TS S **C**
DDA Memo, 4 Apr 77
Auth: DDA REG. 77/1763
Date: 3 APR 1978 By:

25X1

~~CONFIDENTIAL~~
TOP SECRET

T **CONFIDENTIAL** T

25X1

3. French views on Schuman Plan talks--According to US Embassy Paris, the French Government is now determined to conclude the Schuman Plan conference at the session beginning 15 January. The Foreign Office has informed the other participating governments that it would be a "blow to the hopes of the free world" in the Schuman Plan if the conference adjourned again without initialing a treaty and that the French expect to "push through to a finish" at the 15 January session.

NEAR EAST-AFRICA

25X1

4. IRAN: Probable rejection of US bank loan--Prime Minister Razmara has told US Ambassador Grady that it is now impossible to submit the proposed Export-Import Bank loan agreement to the Majlis. Razmara urges that the matter of securing an Export-Import Bank loan be dropped rather than subject his government and the US to the humiliation of having the agreement rejected by the Majlis. Razmara recommends that a loan be made, as he had originally recommended, direct to the Seven Year Plan Organization, as this would not require approval by the Majlis. Grady points out that the difficulty regarding the Export-Import loan lies in the interminable delays which have occurred; he reiterates that the situation in Iran is serious and recommends that the contemplated grant-in-aid to Iran be re-examined.

T **CONFIDENTIAL** T